

VZCZCXRO1066
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #1255/01 1560047
ZNR UUUUU ZZH
P 050047Z JUN 09
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 3458
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 6718
RUEHFK/AMCONSUL FUKUOKA 4383
RUEHOK/AMCONSUL OSAKA KOBE 8184
RUEHNAG/AMCONSUL NAGOYA 1981
RUEHKSO/AMCONSUL SAPPORO 4914
RUEHBJ/AMEMBASSY BEIJING 9650
RUEHUL/AMEMBASSY SEOUL 5671
RUCNDT/USMISSION USUN NEW YORK 5412

UNCLAS SECTION 01 OF 14 TOKYO 001255

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 06/05/09

- 1) Top headlines
- 2) Editorials
- 3) Prime Minister's daily schedule (Nikkei)
- 4) President Obama's "new beginning" speech in Cairo on Middle East policy seen as aimed at isolating extremists in the Muslim world (Asahi)
- 5) Foreign Minister Nakasone, Secretary Clinton in telephone conversation agree on need for a strong UNSC resolution on North Korea (Asahi)
- 6) Japanese Communist Party Chairman Shii cites his letter to President Obama praising his Prague speech as "a first step for the JCP to grow into a ruling party" (Sankei)
- 7) Anti-piracy bill now being marked up in the Upper House (Asahi)

Political agenda:

- 8) Prime Minister Aso being showered with criticism from his own party for slow policy responses (Yomiuri)
- 9) Important bills are being passed by the Diet despite the odds (Tokyo Shimbun)
- 10) Liberal Democratic Party (LDP) to delay introduction of the restriction on holding heredity seats in the Diet (Asahi)
- 11) Nikkei survey of 887 Lower House candidates finds 57 from LDP and 6 from Democratic Party of Japan (DPJ) hold hereditary seats (Nikkei)
- 12) LDP perplexed by the opposition's drive for political reform (Nikkei)

- 13) One of "Koizumi's children," freshman Lower House LDP lawmaker Sugimura, lacking party's backing, will withdraw from the election race (Tokyo Shimbun)
- 14) Social Democratic Party wants to file a censure motion against Prime Minister Aso, but the DPJ remains reluctant to do so (Mainichi)
- 15) LDP, DPJ joint panel aim to bring about use of Internet for political contributions (Mainichi)
- 16) Approving three of the budget-related bills part of the DPJ's election strategy (Asahi)
- 17) Opposition camp comes up with five areas of policy cooperation (Yomiuri)
- 18) Consumer Affairs Agency to be launched in September (Tokyo Shimbun)

Foreign aid:

- 19) JICA to set up a system in China for compensation to victims of environmental pollution (Mainichi)
- 20) METI to use foreign aid to support businesses in developing countries that help the poor (Nikkei)
- 21) Japan and China to hold economic talks on intellectual property violations (Sankei)

Articles:

1) TOP HEADLINES

Asahi, Mainichi, Yomiuri, Sankei and Tokyo Shimbun:

TOKYO 00001255 002 OF 014

Man jailed for life in Ashikaga murder case freed

Nikkei:

Health ministry to abolish separate fee reimbursement in medical care for elderly aged at 75 or older

Akahata:

JCP holds 8th central committee convention

2) EDITORIALS

Asahi:

- (1) DNA test freed man jailed for life in Ashikaga murder case
- (2) Prime Minister Aso has responsibility for whether to reappoint Japan Post President Nishikawa

Mainichi:

- (1) Ashikaga murder case: Gauge DNA test's merits and demerits
- (2) U.S. and Muslims: Welcome "new beginning"

Yomiuri:

- (1) Appointments require Diet approval: Don't ignore flaws in the system
- (2) Ashikaga murder case: Fresh DNA test results open can of legal worms

Nikkei:

- (1) Prime Minister Aso must reappoint Nishikawa as Japan Post president
- (2) What does acquittal of man jailed for life in Ashikaga murder case tell us?

Sankei:

- (1) Increase in fertility rate: Strengthen measures for stable rise
- (2) Need to verify investigations into Ashikaga murder case through retrial

Tokyo Shimbun:

- (1) Man jailed for life in Ashikaga murder case must have been freed before
- (2) Carbon monoxide poisoning: Preparations needed for invisible enemy

Akahata:

(1) Fiscal reconstruction council lacks reflection on vicious circle of crisis

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 4

NIKKEI (Page 2) (Full)
June 5, 2009

07:49 Took a walk around the official residence.
10:06 Sorted out papers at his private office in Nagata-cho.
11:09 Arrived at the official residence.
11:16 Entered his name in the register book to celebrate the birthday of Princess Mikasa in Motoakasaka.
11:28 Arrived at the Kantei.
13:00 Met with Finance Minister Yosano in the Diet building.
14:00 Met with Executive Director Yuji Watanabe of the Japan Finance

TOKYO 00001255 003 OF 014

Organization for Municipalities, followed by New Komeito deputy chief Hamayotsu.
15:17 Met with El Salvador Ambassador to Japan Paredes, followed by Internal Affairs Minister Sasagawa.
16:03 Met with Upper House member Yoriko Kawaguchi, co-chairperson of the Nonproliferation and Disarmament International Committee, followed by Cabinet Intelligence Director Mitani, and Defense Ministry Defense Policy Bureau Director General Takamizawa and Defense Intelligence Headquarters chief Shimohira. Mitani stayed behind.
17:10 Met with outgoing chairman Yoshifumi Ishizawa and incoming chairman Takashi Seike of the Central Federation of Societies of Commerce and Industry, followed by Justice Minister Mori. Then met informally with those involved in drafting bills related to the establishment of a consumer agency.
19:08 Dined with his secretary at a French restaurant in Yurakucho.
21:24 Arrived at the official residence.

4) President Obama's speech on a "new beginning" between America and Islam aims at isolating extremists in Muslim world

ASAHI (Page 8) (Excerpts)
June 5, 2009

By Atsuhiko (?) Hirata in Cairo

President Obama in a speech at Cairo University made called for "a new beginning between Muslims in the world and America based on mutual respect." His speech aimed to ease the anti-American feelings that had spread across the Islamic world during the Bush administration's terms in office.

Analysis: President Obama's speech proclaims an end of the policies of the Bush administration toward the Islamic world. The Bush administration, which launched the Iraq war based on unilateralism, toppled the Hussein regime with American power. It also condoned in effect Israel's expansion of its settlements (in the West Bank and Gaza strip). It labeled Iran a part of the "axis of evil."

Such stances deepened distrust of America among Muslims. In an opinion survey carried out in 2008 in six Arab states by the University of Maryland and Zogby International, 64 PERCENT of respondents said that their impression of America was "very unfavorable."

Obama after his inauguration in January gave an interview to Al Arabiya, a satellite TV station, in which he stressed the building of a new relationship with Arabs and the Islamic world based on mutual respect. In April, in Turkey, he gave a speech in which he stated that "America is not at war with the Muslim world." The speech this time is his third message.

Until now, President Obama's efforts to improve relations have been used as policy measures to counter extremists. In Pakistan and Afghanistan, regarded as the front line of Obama's battle with extremist groups, the Taliban has been cooperating with Al Qaeda.

Khalil Al-anani, an expert on Islamic extremist groups, points out that the reason Al Qaeda has been able to strengthen its activities is because of the anti-American feelings harbored among ordinary citizens.

Obama's words aim to drive a wedge in between extremist groups and

TOKYO 00001255 004 OF 014

ordinary citizens and to isolate those groups. However, there is deep-seated caution in the views of Arabs, as one daily pointed out, "The distrust toward America will not be removed by words and clever arguments but only by swift action."

The U.S. as early as next week will dispatch Special Envoy Mitchell to the Middle East to speed up diplomatic efforts. Whether the word "change" can be made into a reality in the Muslim world remains to be seen.

5) Nakasone, Clinton concur on "strong resolution" on N. Korea

ASAHI (Page 4) (Full)
June 5, 2009

Foreign Minister Nakasone talked with U.S. Secretary of State Clinton over the telephone yesterday evening. Nakasone and Clinton confirmed a course of action to aim for a "strong resolution" at the United Nations Security Council against North Korea's recent nuclear test. According to the Foreign Ministry, Nakasone told Clinton: "It's important to adopt the strongest possible resolution promptly, including additional sanctions, in order to make them feel that provocative actions will be against their interests."

Clinton stated, "We want to cooperate with Japan so we can adopt the strongest possible resolution." In the U.N. Security Council, Japan and the United States are insisting on incorporating strict sanctions in the resolution, while China and Russia are calling for the resolution to show a degree of consideration for North Korea.

6) Letter to Obama "a step toward becoming a party that can run government": Shii

SANKEI (Page 5) (Abridged)
June 5, 2009

Kazuo Shii, chair of the Japanese Communist Party, has recently met with business community leaders and sent a letter to U.S. President Obama to praise his recent Prague speech for nuclear elimination. "This is a first but significant step in the process of growing into a governing party," Shii said yesterday in the JCP's 8th Central Committee Plenum. The JCP has plans to go for a democratic coalition government at an early stage of the 21st century and is exploring cooperation with other parties through such activities as opposing U.S. military bases.

7) Revision talks set for antipiracy bill

ASAHI (Page 4) (Full)
June 5, 2009

The House of Councillors is now going to deliberate on a government-introduced antipiracy bill allowing the Self-Defense Forces to escort not only Japanese ships but also foreign ships against pirates. The leading opposition Democratic Party of Japan (Minshuto) yesterday presented the ruling coalition with a draft revision of the legislation and concurred on starting substantive deliberations next week. The DPJ's draft revision requires the government to ask the Diet for approval before sending out the Self-Defense Forces and to establish an antipiracy headquarters under the Cabinet Office, as the party proposed in its draft revision for deliberations in the House of Representatives. The DPJ

TOKYO 00001255 005 OF 014

will respond to taking a vote on the legislation by June 19.

8) LDP thrown in uproar as many members criticizing Aso, leadership

YOMIURI (Page 4) (Abridged slightly)
June 5, 2009

One after another, members of the Liberal Democratic Party (LDP) yesterday criticized Prime Minister Taro Aso and the party leaders because Aso and the leadership are unable to promptly deal with such issues as whether Japan Post President Yoshitomi Nishikawa should reappoint, as well as whether the LDP presidential election should be moved up. Many LDP lawmakers have become irritated.

The meeting of the LDP House of Representatives members, held at noon yesterday in the Diet building, was thrown into a state of confusion by booing and heckling.

Yasuhiro Nakagawa, one of the so-called 'Koizumi children,' who were elected for the first time to the Diet in the 2005 Lower House election, spoke out loudly about the Nishikawa issue:

"If (Nishikawa) is replaced, a vote of national confidence should be sought after the dissolution (of the Lower House). Or (the prime minister) should ask Internal Affairs and Communications Minister Kunio Hatoyama to resign. The prime minister should choose one option."

Masazumi Gotoda emphasized:

"The Democratic Party of Japan (DPJ) has played up its effort to bring about a change in government, but we have no message to promote our party to the public. I want the party leadership not to waver in reaction to the DPJ's policies, and stick to its own policies."

With the next general election drawing closer, their criticism of the leadership might damage the LDP's image and show its effects in the election. Even though, many LDP lawmakers criticized the leaders because they are unhappy with "the slow response of the Prime Minister's Official Residence (Kantei) and the LDP leadership due to the absence of strategists and coordinators in the Kantei and the LDP" (junior LDP member).

In addition to junior LDP members, former Secretary General Hidenao Nakagawa and former Chief Cabinet Secretary Yasuhisa Shiozaki, who have distanced themselves from Aso, began yesterday collecting signatures from party members on a resolution calling for a total ban on the amakudari (golden parachute) practice, in connection with reform of the national civil service system. Nakagawa said: "There are 57 advocates." Aso's aide expressed concern, saying: "What they are doing is the same thing as criticizing the government-drafted bill amending the National Civil Service Law as insufficient."

Factions in the LDP have no influence over them. Nobutaka Machimura, who heads a faction, met yesterday with faction member Taku Yamamoto, who launched a plan to collect signatures on the idea of moving up the LDP presidential race, to ask him to be cautious about his action. Yamamoto reportedly did not take Machimura's advice, arguing: "This is not campaign to topple the government."

There is a rumor about a shuffle of the cabinet among lawmakers

TOKYO 00001255 006 OF 014

close to Aso as a strategy to break the impasse. Their prediction is that if Hatoyama and other ministers are replaced by mid-level and junior lawmakers, displeasure in the party will be eased and the cabinet support rate will increase.

However, a cabinet shuffle might give momentum to the argument to replace the prime minister because in a reshuffle all LDP members, excluding those who get cabinet posts, would become enemies of Aso. A cabinet shuffle while the Diet is in session would be difficult to justify. Therefore, Aso "is now reluctant to do so" (Aso aide). All the more because many LDP members think that the Aso cabinet has no leeway to shuffle as it has suffered low support rates, the idea of Aso reshuffling his cabinet is unthinkable.

9) What will the Diet do? - Key bills to pass before end of June;
Debate on "politics and money" in Lower House

TOKYO SHIMBUN (Page 2) (Abridged)
June 5, 2009

Shunsuke Shimizu

The House of Representatives passed the bills related to the FY09 supplementary budget, including the revised Development Bank of Japan Law, on the afternoon of June 4. With this, all the major bills that Prime Minister Taro Aso had cited as the prerequisite for dissolving the Diet have passed the Lower House. The political stage will now move to the House of Councillors, and how the opposition is going to handle these bills will be the key question. It is now believed by some that the supplementary budget-related bills and other key legislations may be enacted before the end of June.

In addition to the supplementary budget-related bills, Aso has also cited the bills to amend the National Pension Law and the bill on antipiracy measures as prerequisites for dissolving the Lower House. Of the six budget-related bills, the ruling parties have given up on passing the bill on ad hoc special measures to respond to the capital market crisis. Deliberation on this has not even taken place in the Lower House due to the opposition's resistance.

Deliberations on the revised pension law and the antipiracy bill have started at the Upper House on June 2. While the Democratic Party of Japan (DPJ) opposes both these bills, the pension bill and the antipiracy bill can be enacted with a second vote in the Lower House based on the "60-day rule" under the Constitution on or after June 16 and 22, respectively.

Of the five supplementary budget-related bills sent to the Upper House, the DPJ has already agreed to revisions - except for the tax reform bill providing for limited-term reduction of gift tax, etc. -- at the Lower House, so it will vote for the bills.

Based on the above, Azuma Koshiishi, chair of the DPJ caucus in the Upper House, said smugly at a news conference on June 4: "It is quite obvious that the bills on hand can be dealt with before the end of June. Go ask Prime Minister Aso what we are supposed to do in July."

Meanwhile, at the Lower House, which has finished handling the key bills fought over by the ruling and opposition parties, both camps are beginning to "attack" the other side's "weak point" on the question of "politics and money."

TOKYO 00001255 007 OF 014

10) LDP to put off plan to restrict hereditary candidates from running in elections

ASAHI (Page 1) (Full)
June 5, 2009

Tsutomu Takebe, chairman of the Liberal Democratic Party's (LDP) Reform Implementation Headquarters, presented in its executive meeting at party headquarters yesterday a plan revising its initial proposal for restricting hereditary candidates, starting with the next general election. The revised plan does not give a timeframe for introducing the restrictions. With this decision, momentum for introducing the new rules in the LDP is likely to lose steam.

Takebe presented a proposal on May 21 to ban relatives of Diet members from running consecutively in the same electoral district as first time candidates. With incumbent legislators excluded, only Shinjiro Koizumi (Kanagawa No. 11 constituency), the second son of former prime minister Junichiro Koizumi, and Shoichi Usui (Chiba No. 1 constituency), the eldest son of former Justice Minister Hideo Usui, would have been affected by the new rule.

However, several loopholes in the restrictions were pointed out. For instance, it would be possible for hereditary candidates to run as independents and then to join the LDP after they are elected. In

addition, hereditary lawmakers in the party raised strong objects to hastily introducing the restrictions.

Takebe expects to get approval for the revised plan during a general meeting of the reform panel today and report it to Prime Minister Taro Aso. He intends to have the party executive decide on when to introduce the new rule.

Following the postponement decision, Election Strategy Committee Vice Chairman Yoshihide Suga, who has been calling for restrictions on hereditary politics, has decided to endorse Koizumi and Usui, both of whom have already obtained informal endorsements as the party's official candidates. With these two as exceptions, Suga has continued coordination on the plan to ban endorsing hereditary candidates in the next general election.

However, the LDP has already installed its candidates in most constituencies, so new hereditary candidates are unlikely to appear. Although Suga intends to set forth the ban on hereditary politics in the party's platform for the next general election, the party is likely to include the plan in the manifesto for the election after the next.

The DPJ has already decided not to endorse hereditary politicians in the next election and will surely rap the LDP on this issue in the election campaign.

11) Hereditary candidates: 57 to run from LDP, 6 from DPJ

NIKKEI (Page 2) (Full)
June 5, 2009

A total of 887 candidates (as of June 4) are going to run in the next election for the House of Representatives. Among these prospective candidates, 124 persons or 39 PERCENT of those expected to run on the ruling Liberal Democratic Party's ticket have a former

TOKYO 00001255 008 OF 014

member of the Diet among their relatives within the third degree of relationship, the Nihon Keizai Shimbun has found from its survey. In the case of the leading opposition Democratic Party of Japan (Minshuto), 39 persons or 15 PERCENT of its prospective candidates also have a former lawmaker.

Both the LDP and the DPJ have plans to restrict successive hereditary candidates. The LDP has 57 persons or 18 PERCENT falling under this category of successive heredity among its prospective candidates. The DPJ has six persons or 2 PERCENT .

Meanwhile, there are also nonsuccessive hereditary candidates running from one and the same electoral district like Prime Minister Taro Aso. In this category, the LDP has 44 persons or 14 PERCENT , while the DPJ has 15 persons or 6 PERCENT . In the case of those running from different constituencies like DPJ President Yukio Hatoyama, the LDP has 17 candidates or 5 PERCENT , and the DPJ 14 persons or 5 PERCENT .

12) LDP's political reform policy following a tortuous course over questions of hereditary seats, numbers of Diet seats, and political funds

NIKKEI (Page 2) (Abridged slightly)
June 5, 2009

With the next Lower House election approaching, the Liberal Democratic Party's (LDP) political reform discussion has begun spiraling out of control. A plan to restrict "hereditary seats" is likely to be postponed until after the next Lower House election and the party is drawing strong protests from its coalition partner, the New Komeito. The party's discussions on the question of politics and money have made no progress. Ideas laid out by the LDP out of rivalry with the major opposition Democratic Party of Japan (DPJ) might end up as pie in the sky.

The third-generation group to reform the LDP, composed of mid-level and junior LDP lawmakers, decided yesterday to implement the plan to

restrict "hereditary seats" beginning with the next Lower House election. The decision came from a sense of alarm that the LDP might not be able to vie with the DPJ, which has already decided to introduce restrictions beginning with the next election.

Consequently, LDP Election Strategy Council Chairman Makoto Koga accepted the group's request. The LDP's hereditary-seat ratio is higher than that of the DPJ. Cautious views, mostly from veteran lawmakers, are strong in the LDP. Following the third-generation group's meeting, the LDP reform taskforce met and decided not to apply restrictions for the next election and not to specify any specific timeframe for restrictions in a report to Prime Minister Taro Aso.

A study meeting held yesterday by Election Strategy Council Deputy Chairman Yoshihide Suga and others also produced a plan prohibiting hereditary-seat candidates from becoming electoral branch heads. The plan does not apply to Shinjiro Koizumi and Shoichi Usui who are already serving as branch heads. This is a desperate measure that takes in account both public criticism of hereditary seats and party unity.

To reduce the number of Diet seats, the LDP is also studying a plan to fix the number at 500 based on a plan to merge the two chambers

TOKYO 00001255 009 OF 014

(a total of 722 seats) of the Diet into one. The introduction of a unicameral system requires a constitutional amendment. Some LDP lawmakers are skeptical about how serious their party is about such a plan.

The presence of the New Komeito is an impediment to the plan. Of the party's 31 Lower House members, 23 hold proportional representation seats. The New Komeito warns that a reduction in the proportional representation seats is a matter of life or death for the party. "This would dampen our eagerness to cooperate with the LDP in election campaigns," a senior New Komeito said.

The DPJ is not trouble-free, either. The party is generally in agreement on reducing the numbers of seats both in the lower and lower house. The Lower House has come up with a plan to reduce the number of proportional representation seats by 80, while the Upper House has yet to reach any conclusion. Now that the DPJ has become the largest party in the Upper House with tremendous influence, a cautious stance exists in the party about embarking on reducing the number of seats. At the June 3 general meeting of the DPJ Upper House lawmakers, Vice President Toshimi Kitazawa said: "A reduction in the number of seats is tantamount to a reduction in the people's rights."

In the wake of a Nishimatsu Construction Co. donation scandal, a study group composed of LDP and DPJ lawmakers met yesterday and produced a set of proposals on donation methods, such as the use of Net banking services. "Under the envisaged system, lawmakers will not have to take chances regarding corporate donations," Koichi Kato, an organizer, explained. But in reality, the LDP heavily relies on corporate and organizational donations, and it is lagging behind the DPJ, which has presented to the Diet a bill totally prohibiting corporate donations in three years' time. The Prime Minister, who has instructed the LDP to study reducing the number of Diet seats and reforming the Diet, is keeping silent for now.

13) Diet member Sugimura gives up on running in the next Lower House election: "Running as independent will only benefit the DPJ"

TOKYO SHIMBUN (Page 2) (Full)
June 5, 2009

Liberal Democratic Party (LDP) House of Representatives member Taizo Sugimura, 29, elected from the proportional representation ticket of the Southern Kanto bloc, who had expressed his intention to run in the first district of Hokkaido in the next Lower House election, held a news conference at the party headquarters on June 4 and announced that he was giving up on the plan. The reason given by Sugimura was: "Under the present circumstances, the result will be very negative, even if I run. Particularly if I run as an

independent, this will only benefit the Democratic Party of Japan (DPJ)." He said that he would support Takeshi Hasegawa, who is expected to be named the LDP's official candidate in the first district of Hokkaido.

Sugimura won his first Diet seat as the 35th candidate on the LDP proportional representation ticket for the Southern Kanto bloc in the election over the issue of postal privatization in 2005. He had indicated that he intended to run in the next Lower House election as an independent.

Tsutomu Takebe, who was LDP secretary general during the 2005

TOKYO 00001255 010 OF 014

election, gave the following comments: "I was not consulted, so I am really surprised. This might be a good thing for Mr Sugimura's future."

14) SDP eager to submit a censure motion against the Prime Minister over Japan Post president; DPJ remains cautious

MAINICHI (Page 5) (Full)
June 5, 2009

Takenori Noguchi, Kuniaki Kinoshita

A plan emerged in the opposition bloc yesterday to submit a censure motion against Prime Minister Taro Aso to the House of Councillors in the event he allows the reappointment of Yoshifumi Nishikawa as president of Japan Post Holdings Co. Social Democratic Party (SDP) Secretary General Yasumasa Shigeno requested Democratic Party of Japan (DPJ) Secretary General Katsuya Okada to study the option. Meanwhile, DPJ Deputy President Naoto Kan expressed cautiousness at a press conference yesterday, saying, "We must not make a judgment on the Aso cabinet's response with this issue alone."

The secretaries general of the three opposition parties including the People's New Party will meet on June 8 to discuss the handling of a censure motion against the Prime Minister. DPJ President Yukio Hatoyama simply said to the press corps in Tokyo yesterday: "It all depends on (the Prime Minister's) conclusion. We are not at a stage to mention censuring him."

Meanwhile, there was a meeting of LDP Lower House members yesterday in which some junior members voiced criticism of Internal Affairs and Communications Minister Kunio Hatoyama, who is strongly opposed to Nishikawa's reappointment.

At the meeting, Yasuhiro Nakagawa said: "If the Cabinet is to change the designation committee's decision, Prime Minister Aso should decide either to dissolve (the Lower House) to seek popular will or to let Communications Minister (Kunio) Hatoyama step down."

Nakagawa is one of the so-called Koizumi's children who won Lower House seats for the first time in the 2005 election. Former Agriculture, Forestry, and Fisheries Minister Seiichi Ota rebutted Nakagawa, "In terms of governance, the cabinet minister in charge of the matter should make a decision."

15) LDP, DPJ likeminded group eyes Net donation system

MAINICHI (Page 5) (Abridged slightly)
June 5, 2009

Daisuke Nohara

A group of lawmakers of the ruling Liberal Democratic Party (LDP) and the major opposition Democratic Party of Japan (DPJ) who are aiming at an expansion of individual donations held a study meeting in the Diet building yesterday. As a result, they decided to ask the financial industry and other industries to study a system allowing individuals to easily make donations by using the Internet. The joint effort by the two political parties that are at loggerheads over corporate and organizational donations is likely to draw attention.

The members include former LDP Secretary General Koichi Kato, Election Strategy Council Deputy Chairman Yoshihide Suga, DPJ Deputy President Naoto Kan and DPJ Vice President Seiji Maehara. The group plans to recruit more supporters to recommend to the credit and banking industries a donation system of five approaches, such as using Net banking services and settling accounts with credit cards.

In the wake of a Nishimatsu Construction Co. donation scandal, the question of politics and money has merged. The group apparently wants to speedily spread an individual donation system. But in Japan, individual donations are not common. Further, individual donations are likely to result in an increase in small-amount account settlements, which financial institutions are reportedly reluctant to handle.

16) DPJ intends to quickly enact bills as strategy to press for early Diet dissolution

ASAHI (Page 4) (Excerpts)
June 5, 2009

Three bills related to the fiscal 2009 supplementary budget cleared the House of Representatives yesterday. Deliberations on these bills will start in the opposition-controlled House of Councillors. The Democratic Party of Japan (DPJ) intends to smoothly dispose of key bills in seeking an early dissolution of the Lower House for a snap election. With an eye on the next general election, the main opposition party is considering adopting a censure motion against Prime Minister Taro Aso in the Upper House in the final phase of the session, aiming to demonstrate a confrontational stance.

Of the six extra budget-related bills, five have already passed the Lower House as of yesterday. Passing the remaining capital market crisis measures bill may be difficult due to opposition from the DPJ.

In the current Diet session that has been extended through July 28, the DPJ has adopted a strategy of enacting pending bills quickly and calling for Diet dissolution at an early date. Azuma Koshiishi, chairman of the DPJ Caucus in the Upper House, said in a press conference: "(Deliberations) on the bills are expected to end in June." Deputy President Naoto Kan also said: "We will strongly call on the government to dissolve the Lower House in June and hold the election in July."

The DPJ executive members anticipate that if the supplementary budget-related bills and the antipiracy bills are enacted in June, since the Diet session will be in recess in July, an increasing number of people will call for Diet dissolution.

Even if the session is adjourned without dissolution, local elections are scheduled after the session, including the Tokyo metropolitan assembly election on July 12, as the preliminary elections for the Lower House election. Senior DPJ members expect that, with its victories in these elections, the party will gain more opportunities to press Aso to dissolve the Lower House.

17) DPJ and PNP decide on outline of five common policies for the opposition

YOMIURI (Page 4) (Abridged)
June 5, 2009

The Democratic Party of Japan (DPJ) and the People's New Party (PNP) decided on the outline of their "common policies" for the next House of Representatives election on June 4. They plan to soon start working level consultations that will also involve the Social Democratic Party (SDP). But the SDP, concerned about being overshadowed (by the DPJ and the PNP), is still cautious, so prospects for the consultations remain uncertain.

The common policies will be about: (1) maintaining the current consumption tax rate; (2) review of postal privatization; (3) medical insurance system for those who are 75 years old or above; (4) safety net for securing employment; and (5) free senior high school education. They regard these as the priority issues for the new coalition government if a change of administration is achieved after the next Lower House election.

The two parties narrowed down the common policies to five to make it easier for the SDP, which attaches great importance to its independence, to participate.

For example, review of postal privatization is a policy on which the PNP has already signed a separate agreement with the DPJ and the SDP. With regard to the consumption tax rate, DPJ President Yukio Hatoyama has stated that, "There is no need to discuss this in the next four years." As to medical insurance for senior citizens, the three parties, plus the Japanese Communist Party, have previously submitted a bill to the Diet that would abolish this system.

Meanwhile, issues on which the DPJ and the SDP differ, such as foreign and security policies, are not included among the common policies. There is dissatisfaction in the DPJ about this. "What is the use of common policies which do not show a blueprint of the country and the basis for running the administration, such as foreign and security policy?" (junior DPJ member).

18) PM Aso to launch Consumer Affairs Agency in September

TOKYO SHIMBUN (Page 2) (Full)
June 5, 2009

At an informal meeting with officials involved with the law on creating the Consumer Affairs Agency at the Prime Minister's Office Residence on June 4, Prime Minister Taro Aso stated that he wants to launch the agency "in September."

Aso also said: "The job of an organization is not done merely with its creation. It cannot claim to have accomplished its mission if it does not produce results. It should function in a manner meeting the people's expectations."

The Cabinet Office opened an office to prepare for the agency's launch on June 4. State Minister for Consumer Affairs Seiko Noda personally put up its signboard.

19) JICA to cooperate with China in setting up pollution compensation system

MAINICHI (Page 1) (Full)
June 5, 2009

Pollution in China is becoming serious as its economy develops.

TOKYO 00001255 013 OF 014

Mainichi Shimbun learned on June 4 that in response to the situation, the Japan International Cooperation Agency (JICA) and the Chinese government had agreed to cooperate for the establishment of a compensation system targeting pollution victims in China. Since China has no system of compensating pollution victims, many victims just have to bear it, even if their health deteriorates. This has become a social problem. The Japanese side will provide training to China on the know-how of setting up a compensation system, based on its experience of adopting measures against pollution during the high-speed economic growth period. There has been technical cooperation on pollution between the two countries. However, this is the first cooperation for them to cooperate for the relief of pollution victims.

The governments of Japan and China will vow to cooperate with each other during the Japan-China High-Level Economic Dialogue to be held in Tokyo on the 7th. JICA and the Chinese Environmental Protection Ministry will then formally reach an agreement on the 13th.

Cooperation is expected to continue for three years starting in

September. JICA will invite 30 Chinese officials in charge and researchers - 10 each year, to provide training on Japan's measures to deal with pollution, such as the Minamata disease and air pollution along the Nishiyodo River in Osaka, a law that mandates industrial polluters to compensate victims and the pollution dispute settlement system. Japan will also dispatch experts to China to give seminars on the setting up of a compensation system.

According to the World Bank, the damage caused by air and water pollutions reportedly totaled 781 billion yuan at the most in China, accounting for 5.8 PERCENT of its GDP. In China, there have appeared many "cancer villages," which are presumably ascribable to pollution. The point has also been made that oxidase smog and acid rain in Japan are caused by pollution coming from China.

A Japanese government source explained: "The fact that the Chinese government is considering setting up a pollution compensation system reflects that its awareness that the environmental issue has worsened. Promoting measures against pollution through cooperation will also reduce its impact on Japan."

20) METI to offer financial aid with ODA funds for businesses intended for poor people in developing countries

NIKKEI (Page 5) (Full)
June 5, 2009

The Ministry of Economy, Trade and Industry (METI) has decided to support Japanese firms' businesses intended to serve poor people in developing countries. It plans to conduct local surveys on commodities and services that are low-priced but help improve their living standards as a step to boost their sales. It also plans to offer financial aid with official development assistance (ODA) funds for companies. The ministry will back Japanese firms aiming at exploring the Bottom of Pyramid (BOP) market in the world.

METI will select recipients from among the applicants to be soon collected and sell products in great demand on a trial basis. Under this project, the government and the private-sector will jointly the whole process covering from market survey to sale while also making use of technical assistance from the Japan International Cooperation Agency (JICA). The ministry is also willing to introduce tax

TOKYO 00001255 014 OF 014

incentives.

Businesses for the group of impoverished people aim at reducing poverty and pursuing market gain in developing countries. There is also an advantage of exploiting markets with potential.

21) Japan-China economic dialogue: Japan to call on China to strengthen measures to deal with infringement on intellectual property rights

SANKEI (Page 9) (Full)
June 5, 2009

Japan and China will hold on June 7 a high-level economic dialogue in Tokyo to confer on a wide range of matters, including easing financial regulations in addition to trade and environment issues. Japan is expected to ask China to withdraw its plan to implement the China Compulsory Certification (CCC) system concerning information technology on foreign-made products. Japan will also ask China to step up measures to deal with infringements on intellectual property rights involving copies of brand-name products.

Both countries are expected to reach an agreement to discuss measures to deal with copied products and infringements on registered trademarks targeting Japanese companies by setting up a cross-sectional taskforce.

In the financial area, both countries will likely agree to promote liberalization of China's financial market. In an effort to further strengthen bilateral economic relations through enhanced financial transactions, Japan and China will focus on such issues as listing Japan's financial products on the Chinese market at a working-level

meeting.

The Chinese government is strengthening restrictions on exports of domestically-produced rare metals. Japan will ask China to ease such regulations.

Japan and China will also confirm their commitment to aim at an early settlement of new multilateral trade talks (Doha Round) at the World Trade Organization (WTO), which are encountering complications. Measures to curb global warming and strengthening cooperation in the tourism area will also be on the agenda.

ZUMWALT